

## Message Text

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47

ACTION IO-14

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20

STR-08 CEA-02 AGR-20 L-03 H-03 PA-04 PRS-01 USIA-15

FEA-02 DRC-01 /202 W

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R 251030Z APR 74

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 8506

INFO USMISSION USUN NY

USMISSION GENEVA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

UNCLAS BUCHAREST 1754

EO 11652: N/A

TAGS: EGEN, XG, ECE, RO

SUBJECT: ECE - 29TH PLENARY - STATEMENTS ON ECONOMIC SITUATION

1. GREAT MAJORITY OF STATEMENTS ON ECONOMIC SITUATION (CONFERENCE AGENDA ITEM 3) WERE USUAL DRY REPORTS ON CURRENT SITUATION AND DEVELOPMENTS IN EACH COUNTRY IN 1973. WESTERN COUNTRY SPEAKERS GENERALLY EMPHASIZED PROBLEMS OF ENERGY, OIL AND PRIMARY COMMODITIES; INFLATION; AND CONSEQUENT LESS THAN FAVORABLE PROSPECTS FOR GROWTH. SEVERAL ALSO MENTIONED BALANCE OF PAYMENTS PROBLEMS AND SEVERAL STRESSED INTERDEPENDENCE OF NATIONAL ECONOMIES AND CALL FOR AVOIDANCE OF RESTRICTIVE MEASURES. EASTERN EUROPEAN SPEAKERS GENERALLY PRAISED THEIR COUNTRIES' ACCOMPLISHMENTS, WITH SEVERAL NOTING THAT PROBLEMS OF WEST, NOTABLY MONETARY DISORDER AND INFLATION, ARE NOT THEIRS. HOWEVER ALL EASTERN STATEMENTS WERE RELATIVELY BLAND, EXCEPT FOR ALBANIA, WHICH MADE USUAL REFERENCE TO IMPERIALIST SUPER-  
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POWERS, NAMING U.S. AND USSR WHICH, IN ALBANIAN

VIEW, ARE RESPONSIBLE FOR MOST OF WORLD'S ECONOMIC PROBLEMS.

2. NORWAY (BOYESEN, COMMISSION VICE CHAIRMAN, WHO WILL BE CHAIRMAN NEXT YEAR, MADE PERHAPS MOST INTERESTING SPEECH, AS HE EXPLAINED PRIVATELY TO MILLER, PARTLY IN ORDER TO TRY TO GET AWAY FROM STATUS REPORTS AND STIMULATE MORE USEFUL DIALOGUE IN COMMISSION. BOYESEN CALLED ATTENTION TO CONFLICTS IN MODERN SOCIETY BETWEEN GROWTH ON ONE HAND AND COMMODITY SUPPLIES AND ENVIRONMENT ON OTHER AND TO SERIOUS PROBLEM OF INFLATION. HE NOTED IN THIS CONNECTION INFLATION IS NOT ENTIRELY WESTERN PROBLEM; SOCIALIST COUNTRIES CAN SUPPRESS NOMINAL INCOME INCREASES BETTER THAN WESTERN COUNTRIES WHERE UNIONS, FARMER GROUPS AND OTHERS CANNOT BE CONTROLLED BY GOVERNMENTS, BUT SIMILAR PROBLEMS ARE LATENT IN SOCIALIST COUNTRIES TOO. INFLATION IS SERIOUS, BUT WE HAVE BEEN RIDING HIGH ON LOW PRICE COMMODITIES, AND ERA IS OVER. WE MUST CHECK INFLATION AND REDUCE RESOURCE USE. FOR ONE THING WE SHOULD HAVE NEW LOOK AT COMMODITY ARRANGEMENTS; NORWEGIAN GOVERNMENT MUCH ATTRACTED TO FRENCH MARKET ORGANIZATION CONCEPT. FINALLY, BOYESEN SAID, WE HAVE ALL BEEN TOO MUCH OBSESSED WITH ECONOMIC GROWTH; WE NEED GROWTH, BUT WITH BETTER DIRECTION AND MORE CONSIDERATION OF SOCIAL FACTORS.

3. FRG COMMENTED IN SOME DETAIL ON SURVEY OF EUROPE, NOTING SITUATION IN ESTERN EUROPE SOMEWHAT BETTER THAN EXPECTED WHEN DRAFT PREPARED, THOUGH PRICES ARE SERIOUS PROBLEM.

4. ROMANIA SUGGESTED SURVEY IN FUTURE SHOULD DEAL WITH TRENDS FOR EUROPE AS A WHOLE (RATHER THAN ONLY SEPARATE PARTS OF WEST AND EAST AS IN PAST) BUT NO OTHER DESIGNATION TOOK UP THIS IDEA.

5. USSR SAID IMPORTANCE TO THEM OF WESTERN CREDITS HAS BEEN OVERESTIMATED, BUT SAID LITTLE ELSE OF NOTE.

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6. U.S. (BENNETT) REVIEWED SITUATION IN U.S. BRIEFLY, NOTING INFLATION REMAINS SERIOUS PROBLEM, FOR WORLD AS WELL AS U.S. CITED RECENT GATT FIGURES WHICH SHOW PRECIPITATE INCREASE IN PRICES FOR PRIMARY COMMODITIES IN WORLD TRADE, WITH INDEX FOR OTHER COMMODITIES BEHIND THAT INCLUDING OIL BUT FAR AHEAD OF INCREASE FOR MANUFACTURES IN PAST TEN YEARS. BENNETT SAID PRICES

POSE SERIOUS PROBLEM FOR NATIONAL BALANCES OF PAYMENTS, BUT ECONOMIES ARE INTERDEPENDENT AND PROBLEMS MUST NOT BE SOLVED BY RESTRICTIVE PRACTICES. CITED RECENT SPEECH BY SECRETARY KISSINGER AT UNGA SPECIAL SESSION CALLING ON ALL NATIONS TO AVOID TRADE AND PAYMENTS RESTRICTIONS, AND STRESSED NECESSITY FOR MEMBER GOVERNMENTS TO DO THEIR PART.

7. USDEL, LIKE MANY OTHER DELEGATIONS, DISTRIBUTED WRITTEN REVIEW OF ECONOMIC SITUATION AND OUTLOOK BROUGHT BY WASHINGTON MEMBERS OF DELEGATION. DELEGATION DISCUSSED COMMENTS ON ECONOMIC SURVEY OF EUROPE PROVIDED IN POSITION PAPERS WITH SECRETARIAT.  
BARNES

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**Current Classification:** UNCLASSIFIED  
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